



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT
Division of Economic Support
Bureau of Work Support Programs

**TO: Economic Support Supervisors
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No.: 01-19

File: 2499

Date: 04/03/2001

Non W-2 [] W-2 [X] CC []

PRIORITY: High

SUBJECT: STATE-ONLY W-2 PAYMENT POLICY

CROSS REFERENCE: BWI Operations Memos 98-14, 98-21, 99-40, & 99-75
W-2 Manual, 18.9.0

EFFECTIVE DATE: May 1, 2001

PURPOSE

This memo:

1. Provides a summary of the Social Security Administration's (SSA) new policy on how W-2 payments are budgeted in the Supplemental Security Income (SSI) income test.
2. Notifies agencies about changes to the State-Only W-2 payment initiative and the corresponding changes in CARES.
3. Provides an overview of upcoming reports that will be provided to agencies to assist workers in managing W-2 cases receiving State-Only W-2 payments.

BACKGROUND

The State-Only W-2 payment initiative was implemented in 1998 as a result of a policy issued by the SSA that made it impossible for a disabled W-2 participant receiving regular federally-funded W-2 payments to be found eligible for SSI.

SSA distinguishes between the receipt of state and federally funded payments when determining whether an individual's income is counted or excluded from the SSI income test.

Payments from a program funded partially or entirely with federal funds are counted in the SSI income test. Under normal circumstances, W-2 payments are made up of co-mingled federal and state funds and would therefore be counted in the SSI income test.

Under the SSI policy implemented in 1997 at the onset of W-2, the full W-2 benefit was considered income available to the W-2 participant (the individual placed in the CSJ, W-2 T, or CMC). If the W-2 participant applied for SSI benefits, SSA budgeted the full W-2 payment in the SSI income test, causing the individual to be over the SSI income limits and further resulting in the denial of SSI benefits. Note that there is some inconsistency in how various local SSA agencies applied their policy on SSI denials.

Payments from a program funded solely by state funds are excluded from the SSI income test. To ensure that SSA did not count the W-2 payment in the SSI eligibility determination, the Department created a mechanism for issuing State-Only W-2 payments to W-2 participants who filed an application for SSI. Implemented in 1998, the State-Only W-2 payments provide the same level of assistance to a W-2 participant as a regular W-2 payment (\$628 for a W-2 T and \$673 for CMC or CSJ), but the funding comes exclusively from state revenue.

In October 2000, SSA again revised their SSI policy on treatment of W-2 income, giving the Department the opportunity to limit the use of State-Only W-2 payments to a smaller number of W-2 participants. W-2 agencies must begin following the Department's new policy beginning May 1, 2001.

CHANGES IN SSI POLICY & IMPACT ON STATE-ONLY W-2 PAYMENT POLICY

SSA's new policy treats W-2 group members who apply for SSI differently depending on whether their SSI application was filed before or after October 1, 2000. The Department has adjusted the State-Only W-2 policy as a result of those SSI policy changes.

W-2 participants who have SSI applications that were filed **before** October 1, 2000 and are pending a decision will continue to receive State-Only W-2 payments. Effective May 1, 2001, those W-2 participants who have filed an SSI application **on or after** October 1, 2000, will have their W-2 payments changed back to regular federally-funded W-2.

SSI APPLICATIONS FILED PRIOR TO OCTOBER 1, 2000

For SSI applications filed prior to October 1, 2000, SSA will continue to consider the full federally funded W-2 benefit as income available to the W-2 participant (the individual placed in W-2 T, CSJ, or CMC).

As a result, the State-Only W-2 payment policy will continue for all W-2 participants with SSI applications filed prior to October 1, 2000, where a final decision is still pending from SSA. By "pending" we mean that the SSI application may currently be pending an initial decision on SSI eligibility or the application may be in appeal status. The State-Only W-2 payments will continue on these cases until 1 of the following occurs:

1. A final decision has been made by SSA on the SSI application and if an appeal has been filed, a decision has been made on the appeal.
2. The W-2 case closes.

By continuing to pay State-Only W-2 payments to those W-2 participants with SSI applications filed before October 1, 2000 that are pending with SSA, we can ensure that the W-2 payment will not be a barrier to SSI eligibility.

SSI APPLICATIONS FILED ON OR AFTER OCTOBER 1, 2000

For SSI applications filed on or after October 1, 2000, SSA no longer considers the entire W-2 benefit as income available to the W-2 participant. Instead, SSA now divides the amount of the W-2 benefit by the number of individuals in the W-2 group and uses the resulting dollar amount to determine the SSI applicant's share of the benefit. That amount is used to determine SSI eligibility as well as the amount of the monthly SSI payment. This new SSA policy applies whether the SSI applicant is the W-2 participant or another W-2 group member.

1. If the SSI applicant is also the W-2 participant, SSA will use a portion of W-2 benefits to determine SSI eligibility and the monthly SSI benefit amount will be reduced until the participant is no longer receiving W-2 benefits. Generally the SSI applicant will be eligible for monthly SSI benefits back to the month of application.

Example: A participant with two children receives a monthly W-2 Transitions (W-2 T) payment of \$628. The FEP assists the participant in submitting an SSI application on November 1, 2000 while her participation in W-2 T continues. The participant is notified that she is eligible for SSI and receives her first SSI check in June, 2001. The FEP ends her W-2 T placement on June 15, 2001 and the participant receives her last W-2 payment on July 1, 2001 for \$628. SSA made a determination that the participant was eligible to receive SSI benefits back to the month of her application in November 2000. In each month the W-2 payment was received (November 2000 through July 2000) one-third of the payment ($\$628 \div 3 = \209.33) will be budgeted against the SSI benefit resulting in a partial SSI payment for each of those months. The SSI recipient will receive the retroactive SSI benefits in a lump sum payment sometime after her approval of eligibility.

2. If the SSI applicant is a child or a second parent in the W-2 group, SSA will use a portion of the W-2 benefits to determine SSI eligibility and the monthly SSI benefit amount will be reduced during each month the family is receiving W-2 benefits.

Example: A W-2 participant has 1 child with severe cognitive limitations. An application for SSI is submitted for the child in January 2001, while the parent is a participant in a W-2 Community Service Job receiving \$673 per month. In July 2001, SSA determines that the child is eligible for SSI benefits back to the month of application. In each month that the family receives a W-2 payment, half the payment ($\$673 \div 2 = \336.50) will be budgeted in the SSI income test resulting in a reduced SSI payment for the child.

Due to the change in SSA's policy described above, State-Only W-2 payments will end on May 1, 2001 for all W-2 participants with SSI applications filed on or after October 1, 2000. In these cases, if the participant remains eligible for W-2, the regular federally funded W-2 benefits will resume beginning with the May payment. Payment of regular federally-funded W-2 benefits to individuals who file an SSI application after October 1, 2000, should no longer be a barrier to SSI eligibility.

CHANGES TO CARES SCREENS AFAQ & ANSP

The policy to end State-Only W-2 Payments for participants who have filed an SSI application after October 1, 2000 will be automated in CARES through a mass change during the third week in April.

AFAQ

A question appears on AFAQ during the driver flow that serves as a gatekeeper to the State-Only W-2 Payment screen, ANSP. The question on AFAQ asks: “DOES W-2T/CSJ/CMC PARTICIPANT HAVE SSI APPLICATION PENDING OR IS WORKER REFERRED FOR SSI?” A note will be added to this question to inform the worker that the question no longer applies to SSI applications filed after October 1, 2000.

Below is a screen print of AFAQ as it will appear after the April mass change.

AFAQ EDUCATIONAL/SSI AID QUESTIONS 03/28/01 12:16
CASE: 9999999999 WORKER: XCT545 XCT545 M WELCH
LAST UPDATED: 12 09 00 CASE STATUS: OPEN CASE MODE: ONGOING

DOES W-2T/CSJ/CMC PARTICIPANT HAVE SSI APPLICATION
PENDING OR IS WORKER REFERRING FOR SSI? (Y/N) N
(NOTE: THIS NO LONGER APPLIES TO SSI APPLICATIONS FILED
ON OR AFTER 10/01/00)

DOES ANYONE IN YOUR HOUSEHOLD RECEIVE EDUCATIONAL AID ? (Y/N/?/F/O) N

NEXT TRAN: _____ PARMS: 9999999999_____

ANSP

There are 4 questions on ANSP. The first 2 questions, “SSI REFERRAL DATE/SSI APPLICATION DATE” and “STATE-ONLY W-2 FUNDING BEGIN DATE” are completed if a worker refers a W-2 participant for an SSI application or immediately upon a worker learning that an SSI application has been filed.

After SSA has made a final decision on the W-2 participant's SSI application, 1 of the last 2 questions, "DATE SSI DENIED" or "IF SSI APPROVED, DATE FIRST SSI PAYMENT RECEIVED", must be completed.

Below is a screen print of ANSP. The layout of the screen will not change.

ANSP	STATE-ONLY W-2 PAYMENTS	03/28/01 12:19
CASE: 999999999	WORKER: XCT545	XCT545 M WELCH
LAST UPDATED:	CASE STATUS: OPEN	CASE MODE: ONGOING
NUM: __ NAME:		
DC: __ EFF MMY: ____		
SSI REFERRAL DATE/SSI APPLICATION DATE: ____ (MMYY)		
STATE-ONLY W-2 FUNDING BEGIN DATE: ____ (MMYY)		
DATE SSI DENIED: ____ (MMYY)		
IF SSI APPROVED, DATE FIRST SSI PAYMENT RECEIVED: ____ (MMYY)		
-----INDIVIDUALS-----		
01 WINDY S (PP) 02 SUNNY S (DAU) 03 RAINY S (DAU)		
PF5: TO REFRESH		
NEXT TRAN: ____ PARMS: 9999999999 _____		

Refer to Operations Memo 98-21 for further CARES instructions for ANSP.

1. SSI Applications Filed Prior to October 1, 2000

After the CARES changes occur in April, workers will retain the ability to enter new information on ANSP or initiate the screen for the first time in any case where the first question on the screen, "SSI REFERRAL DATE/SSI APPLICATION DATE", has a field entry of September 2000 (09/00) or earlier. This entry would mean that the SSI application was filed prior to October 2000 and allow the State Only W-2 payments to begin or continue if a decision on the SSI eligibility has not been reached. In these cases, workers must also remember to complete one of the last two questions on the screen when a final decision has been made on the SSI application or SSI appeal, in order to end State-Only W-2 Payments.

2. SSI Applications Filed On or After October 1, 2000

The following changes will be made through the April mass change in CARES:

- a. In cases where the first question on ANSP has a field entry of October 2000 (10/00) or later, workers will no longer be able to make entries on the screen. A hard-coded message will appear on the screen stating: "STATE-ONLY W-2 PAYMENTS ENDED. LAST PAYMENT RECEIVED APRIL 2001." These are cases where the worker has identified an SSI application date or referral for application on ANSP of October 2000 or later.
- b. The current information on the screen will remain in history so that CARES users may still query it. Workers will retain the capability of refreshing the screen using the PF5 key. If you determine that the participant did, in fact, file the SSI application prior to October 1, 2000, create a new ANSP screen and enter the correct SSI application date

and State-Only W-2 begin date. This step is only necessary if the SSI application or the appeal of the SSI decision had not yet resulted in a final decision of SSI eligibility.

MANAGING STATE-ONLY W-2 PAYMENT POLICY WITH REPORTS

A series of reports are schedule to be released in April and May to assist workers in tracking SSI eligibility for W-2 participants and to ensure that workers make timely changes on ANSP.

The first 2 reports will each be issued only once and are intended to provide information to help workers identify cases that may need action taken on ANSP.

Another report, under development, will be accessible monthly through the EOS report system. This report is intended to provide workers with information about W-2 participants who have recent changes in SSI eligibility documented on the DXSX (Data Exchange) screen. The purpose of the report is to ensure that workers are alerted to changes in SSI eligibility for their cases, allowing them to act on information in a timely manner.

Workers responsible for implementing W-2 policy must use these reports to help manage their W-2 cases. To ensure that all cases identified in the report are followed up on appropriately, each W-2 agency will be asked to designate a manager who will track the outcomes for the cases identified in the reports.

These reports are intended to be an information tool to alert the worker to potential changes needed on a W-2 case. All of these reports rely on information sent to CARES through the monthly SDX SSI Match. More current information about an individual's SSI eligibility may be available through the State Online Query (SOLQ) process which allows workers to make direct online queries to obtain SSI data on their caseload. See Operations Memos 99-40 and 99-75 for further information on SOLQ.

Additional information about the reports will be forthcoming.